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April 26, 2013

Mrs. Jocelyn G. Boyd
Chief Clerk / Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29211

**RE: Application Regarding the Acquisition of Progress Energy, Incorporated by
Duke Energy Corporation and Merger of Progress Energy Carolinas,
Incorporated and Duke Energy Carolinas, LLC
PSC Docket No. 2011-158-E; Order No. 2012-517**

Dear Mrs. Boyd:

In Order No. 2012-517 Approving Joint Dispatch Agreement ("JDA"), the Public Service Commission of South Carolina ("Commission") conditioned its approval of the JDA on, among other things, Duke Energy Carolinas, LLC's ("DEC") and Progress Energy Carolinas, Inc.'s ("PEC") filing with the Commission all reports the North Carolina Utilities Commission required DEC and PEC to file in Order *Approving Merger Subject to Regulatory Conditions and Code of Conduct*, issued June 29, 2012, in Dockets Nos. E-2, 998 and E-7, Sub 986. (Order Approving JDA at 43.)

One report that must be filed in North Carolina is Potomac Economics' report to FERC concerning DEC's and PEC's compliance with the interim and permanent mitigation measures meant to address FERC's market power concerns stemming from the DEC and PEC merger. Attached are the reports that Potomac has issued prior to March 31, 2013. The reports find DEC and PEC in compliance with FERC interim mitigation measures and permanent market power mitigation projects advancing as approved by FERC.

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If you have any questions, please let me know.

Respectfully submitted,



Timika Shafeek-Horton
Deputy General Counsel

cc: Courtney Edwards, ORS
John Flitter, Director of Electric & Gas Regulation
Parties of Record